GOVERNMENT OF INDIA
CIVIL AVIATION
LOK SABHA

STARRED QUESTION NO:135
ANSWERED ON:09.12.2004
UNVIABLE OPERATION OF FLIGHTS OF IA/AI
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Will the Minister of CIVIL AVIATION be pleased to state:

(a) whether Air India and Indian Airliens have been operating a number of flights which earn less in comparison to the expenditure being incurred on their operations;

(b) if so, the details thereof and reasons therefor;

(c) the details of losses incurred during the last three years, route-wise;

(d) whether the Government has formulated any scheme to make up for the losses; and

(e) if so, the details thereof?

Answer

MINISTER OF STATE(INDEPENDENT CHARGE) OF THE MINISTRY OF CIVIL AVIATION (SHRI PRAFUL PATEL)

(a), (b), (c), (d) and (e): A statement is laid on the Table of the House.

STATEMENT IN REPLY TO LOK SABHA STARRED QUESTION NO. 135 FOR 09.12.2004 REGARDING UNVIABLE OPERATION OF FLIGHTS OF IA/AI.

(a), (b) and (c): Details of services operated by Indian Airlines including Alliance Air which do not meet cash cost i.e. Direct Cost of operation during the last three years are as under:

Year	Total Services Operated by IA & Alliance Air	No. of services not meeting Cash (Direct) cost of operation
2001-02	156	55
2002-03	148	53
2003-04	172	59

As regards Air India, most routes generated cash surplus, which contributed to meet the overheads, i.e. direct and indirect fixed costs.

Airlines operations encompass interlinking various domestic and international airports through direct and indirect connections. Because of Airlines operations being global in nature, no separate airport wise accounts of revenue, expenditure and profitability are maintained by the airline.

The main reasons for losses are: (i) Increases in price of ATF, (ii) Increase in Landing & Navigational Charges,(iii) Increase in rate of exchange & levy of Customs duty on import of leased aircraft, (iv) Increase in Insurance Premium Rates, (v) Additional Security expenditure due to introduction of Sky Marshalling of flights and security at the ladder point etc. (vi) Loss of revenue due to drop in traffic carriage, and (vii) Deployment of higher capacity by Indian Airlines on Category − II and Category − III routes than mandatorily required.

(d) and (e): Both the Airlines have been continuously taking various steps to promote its business and to bring about qualitative and quantitative improvement in its customer related services in order to improve its overall performance. Some of the measures taken in this direction are (i) Fleet Augmentation/Renewal, (ii) Cost Control and Economy measures, (iii) Marketing Initiatives, (iv) Promotional Schemes, (v) In-flight Initiatives, (vi) Service upgrades on ground, (vii) Improvements in Cabin Ambience